

Testimony of Jim Butcher

I've been a successful commercial broker and subdivision developer in Pueblo for over 50 years. I hope to shed light on and simplify the complicated Conservation Easement program from my point of view for you.

In 2003, I became deeply involved in the Conservation Easement Program. I hired the best attorneys, appraisers, flora & fauna bio professionals, best geologist, best CPA, best land planners (I was already using on adjacent property), best surveyors and title companies. I gave the easements to Pueblo County; whose Commissioners were good business and personal friends of mine. I really covered my behind!

When the State was suffering because of the recession, they wouldn't keep their word. The State started clawing back \$147 million from us by claiming that our land had ZERO development value. Now understand, the program only allowed 50% of development value in the first place. But we got not even that!! WE GOT ZERO!

WELL, I hired the best \$500/hr. Denver attorneys and even hired my Pueblo attorney to watch them. Plus, I hired expert witnesses.

I spent \$80,000 in legal fees to defend myself and got nowhere. Turned out, the State had more money and attorneys that I did. They hired appraisers to low-ball the value of the land. ZERO VALUE!!! REALLY!!

This all happened when I was successfully developing the adjacent property.

I was not going to spend the rest of my life in court. I settled from 0 to 35% of half of the appraised value. Further, I paid 50% to 65% of the Tax Credit Buyer's (TCB) losses. It didn't kill me, but it REALLY hurt!

A lot of landowners lost everything. They went bankrupt, divorced, lost their farms, no college for their kids or anything else, and owe big debts.

Last fall I was asked to provide input to the Working Group. I went to Lamar and Denver for several meetings to help find a solution. I could see that any solutions discussed probably wouldn't pass; because the owners wanted their ½ of appraised value, at least. The TCBs wanted their money back. If TCBs get that, then the owners want interest too. Well, if you get interest, then TCBs want interest as well, plus their Planned Profit. The land trusts and Tax Credit Brokers wanted the Conservation Easement program to continue. It would have cost \$300-400 million!

After analyzing all parties' motivations, I suggested the following:

1. The landowners get ½ of the accepted IRS appraisal amount. (They paid the expensive initial set up costs; they legally, expensively and laboriously defended it and they STILL lost their land).
2. TCBs get what they paid. (Now when do you have a deal that went bad, and you get all your money back?!?)
3. No one gets interest, legal fees or profits!

Everyone gets a haircut!

The Working Group all agreed to this and the original submitted bill reflects these agreements.

The State pays only what they wrongfully took - \$147 million.

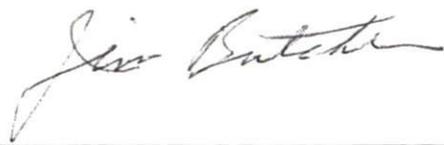
In closing, let's put this in a different perspective:

For landowners, this was a total wreck and they lost the whole uninsured car.

The TCBs had a blowout and had to buy a new tire.

This legislature could right the past wrong and continue the Conservation Easement program.

Thank you for listening. Any questions? I will answer anything.



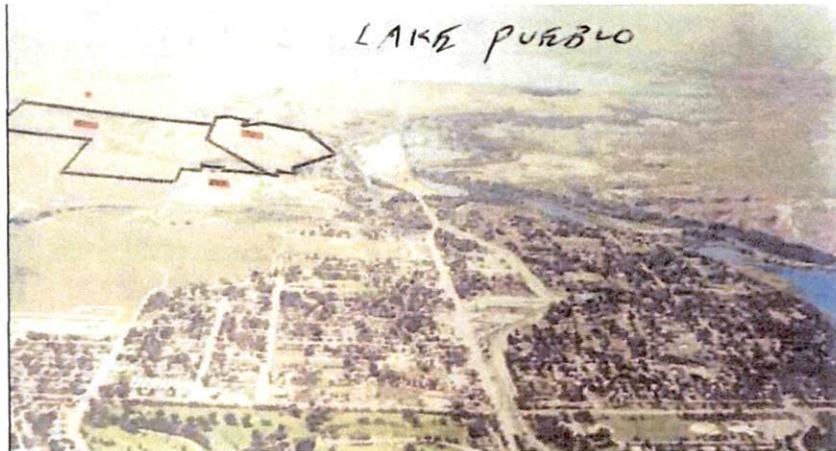
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Presentation to:
HB-1264 Working Group, Lamar, CO (10/24/2019)

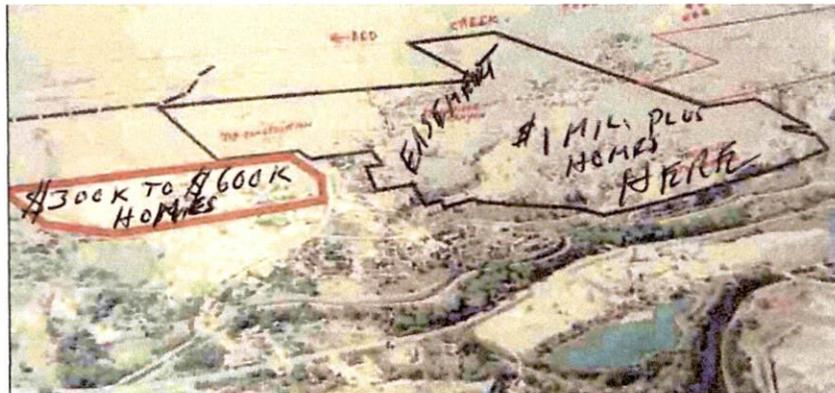
Video link (2 minutes)

<https://drive.google.com/file/d/1ZyFO6cnH9891ds7gXljRzPugtlutTrxT/view?usp=drivesdk>

- * Real Estate Developer
56 years (1963 – 2019)
- * Owned "prime / scenic"
property overlooking
Pueblo Dam
- * Sold lots @ \$180K/lot
during the recession
- * Donated 6 C/Es
(2004 - 2007)



- * CDOR disallowed
all six of his C/Es
(\$ 0 VALUE)
- * Butcher settled with
CDOR (in 2014),
-- paid back 65% - 100%
of C/E tax credits



Butcher (now 81) & dealing
with his wife's terminal
illness explained:

" after 7 years of appeals
(2007 – 2014)
.... they had no capacity for
any more STRESS"



\$1000. LARGE PAINTED RENDERING OF
PROPOSED DEVELOPMENT ON
EASEMENT LAND
BEFORE KNOWING OF
CONSERVATION EASEMENT PROGRAM!